



TRUMPLAND

How President-Elect Trump Can Affect Your Business and Your Future

THE INCOMING ADMINISTRATION

- Will be sworn in as the 45th President of the United States on January 20, 2017
- The governing Republican Party will have majorities in the House of Representatives and the Senate for the next 2 years
 - The opposition Democratic Party may, in some circumstances, block legislation in the upper house, the Senate
- Republicans also hold 33 governor's offices and 32 state legislatures nationwide (including full control of 24 States)

THE PRESIDENT-ELECT'S PROMISES PRIOR TO THE ELECTION

- Repeal the Patient Protection and Affordable Care Act (i.e. "Obamacare")
- Build "The Wall" between Mexico and the United States
- Total ban Muslims from seeking asylum or "extreme vetting"
- Deport illegal immigrants residing in the United States
- Withdraw from the Paris Agreement on climate change
- Reintroduce waterboarding and other methods of torture
- Appoint conservative judges to the Supreme Court to overturn gay marriage and abortion decisions to return these matters to the individual States
- Reject Trans Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP)
- Withdraw from the North American Free Trade Agreement (NAFTA)
- Make the mutual defense requirement of Article 5 of the North Atlantic Treaty (NATO) conditional upon increased financial contributions by European countries
- Repeal the Dodd-Frank Act, which governs Wall Street
- Prosecute Hillary Clinton

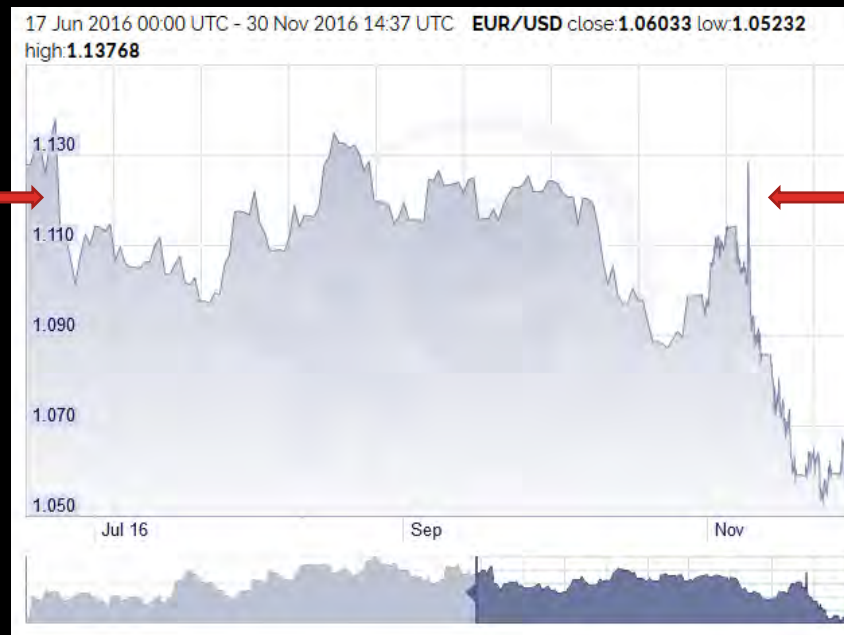
POLITICAL EFFECT OF THE U.S. ELECTION IN EUROPE

- After back-to-back wins in the United Kingdom Brexit vote and the American presidential election, nationalists and far right parties in Europe are emboldened
 - Marine Le Pen of the National Front will almost certainly make it into the second round of the French presidential election in May 2017 and she is pledged to call a “Frexit” vote if she wins the Elysee Palace
 - Geert Wilders of the Dutch Freedom Party is seeking a “Nexit” vote for the Netherlands
 - On December 4, Norbert Hofer of the far-right Freedom Party is likely to be elected President of Austria and has stated he will not swear in any minister who wears a veil and will dismiss any chancellor who fails to control immigration
 - Also on December 4, Italian Premier Matteo Renzi is expected to lose a referendum on constitutional revision, which has become a vote of confidence in his leadership, and promptly resign
- In light of the American election result and the far-right Alternative for Germany party entering 10 state parliaments, German Chancellor Angela Merkel has decided to run for a fourth term in next year’s federal elections -- the New York Times has gone so far as to declare her the liberal West’s last great defender

DEVALUED EURO AND POUND STERLING

- As the Euro (EUR) and the Pound Sterling (GBP) drop in value in relation to the US Dollar (USD), capital will leave European countries because investors will prefer safer USD-denominated assets, including U.S. securities

June 23, 2016:
UK referendum on
EU membership



November 9, 2016:
Day after U.S.
general election



DEVALUED EURO AND POUND STERLING

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THE DEMISE OF TRADE AGREEMENTS

- With the election of Donald Trump, both TPP (US & Asia-Pacific) and TTIP (US & Europe) are dead
- As a result, more than 18,000 tariffs that would have been phased out under the TPP alone will remain
- While less than half of US-EU trade is subject to customs duties, the US levies duties ranging from 1-3% for basic goods, 30% for clothes and shoes, and, sometimes, more than 100% (130% for peanuts and 350% for raw tobacco), which would have been eliminated under TTIP

THE DEMISE OF TRADE AGREEMENTS

- The US and individual European countries will have to negotiate bilateral trade deals
- While larger economic powerhouses like Germany, France, and the United Kingdom are likely to win more favorable terms, the same cannot be said for their smaller European counterparts
- Rather than Europeans speaking with one voice when negotiating with the US, European countries will have to compete with each other to get the lowest tariffs for their goods (e.g. French champagne vs. Italian prosecco)

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- These trade deals will still need to be ratified by the normal constitutional procedure and, in the case of EU countries, comply with EU law

THE DEMISE OF TRADE AGREEMENTS



FISCAL STIMULUS

- President-elect Trump has promised to increase government spending by 2-3% (primarily on America's crumbling infrastructure) but fiscal conservatives in Congress may block his plans
- If the infrastructure spending plans are adopted, this may result in greater overseas imports
- The incoming administration also plans to cut the corporate tax rate from 35% to 15%, which would transform the US into one of the most tax competitive nations in the world at the expense of Ireland and other European countries with low corporate tax rates

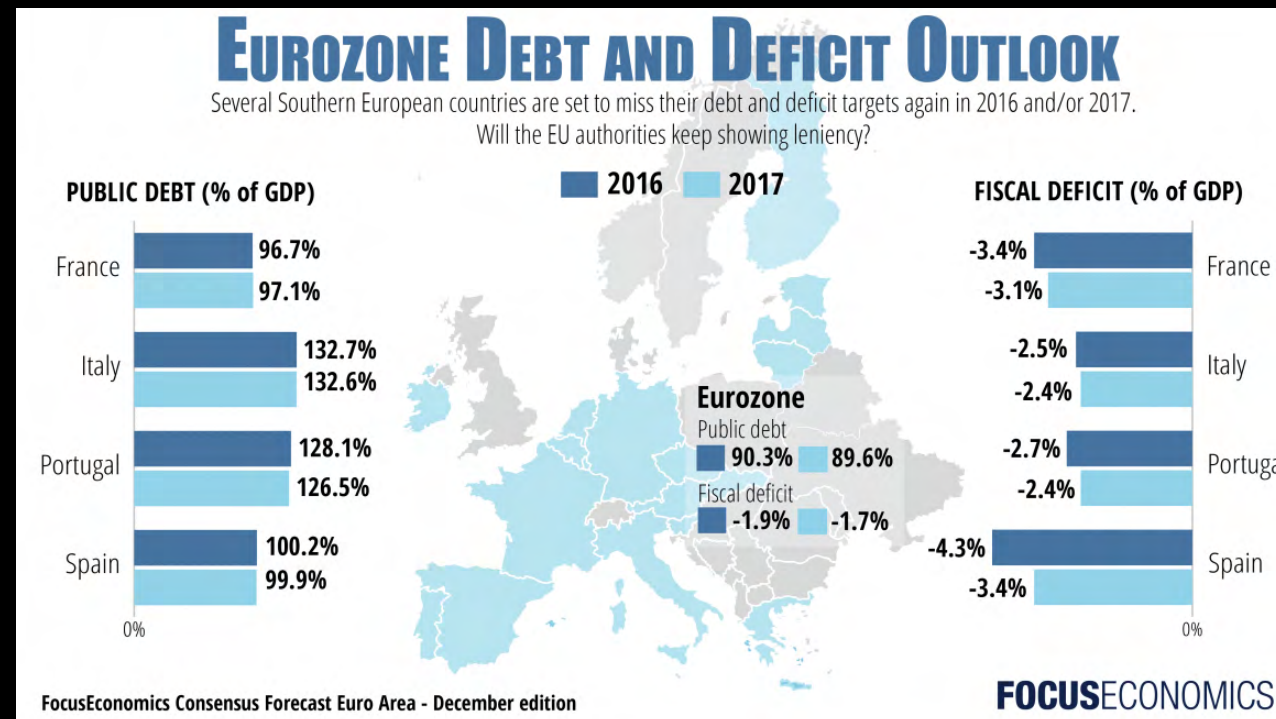


NATO

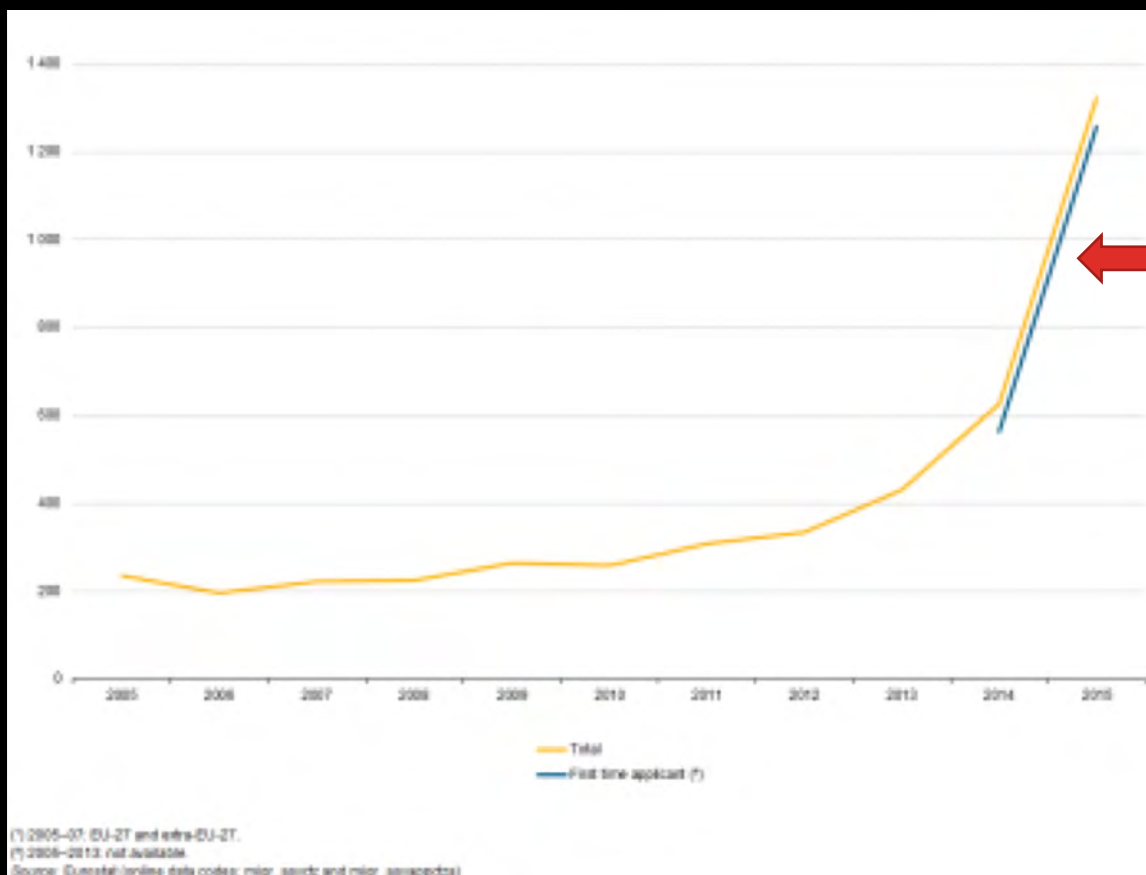
- The President-elect has signaled that NATO members must shoulder a larger share of the financial burden within the Alliance if they expect the US to continue to provide military protection
- With many NATO members watching Russia's increased assertiveness with concern, especially the Baltic states, these countries may have to cut other spending, raise taxes, or run budget deficits to dedicate increased funds to the Alliance

NATO

- However, NATO members who are also EU members, must keep budget deficits within 3% of GDP to avoid running afoul of the European Commission



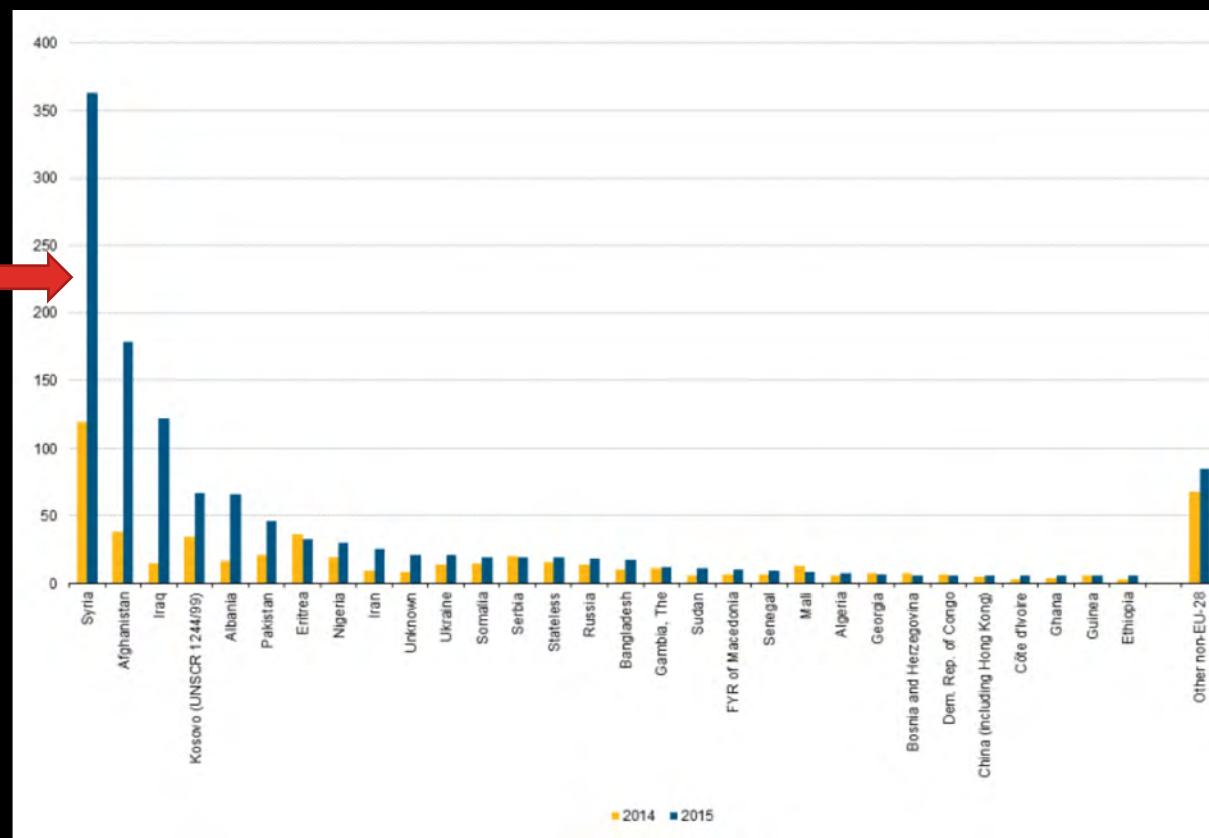
REFUGEE/MIGRANT CRISIS



Sharp increase in persons seeking asylum in the European Union starting in 2014

REFUGEE/MIGRANT CRISIS

Massive increase in number of asylum applications from Syrian, Afghans, and Iraqis



REFUGEE/MIGRANT CRISIS

Although Germany only represents 16% of the EU's population, it has received 35% of all asylum applications.

The differences are even more stark in Hungary and Sweden, which together consist of less than 6% of the EU's population but have received 33% of all asylum applications.

First time asylum applicants in the EU Member States

	Number of first time applicants			Share in EU total (%)	Number of applicants per million inhabitants*
	2014	2015	Change (in %) 2015 / 2014	2015	2015
EU	562 680	1 255 640	+123%	100.0%	2 470
Belgium	14 045	38 990	+178%	3.1%	3 463
Bulgaria	10 805	20 165	+87%	1.6%	2 800
Czech Republic	905	1 235	+36%	0.1%	117
Denmark	14 535	20 825	+43%	1.7%	3 679
Germany	172 945	441 800	+155%	35.2%	5 441
Estonia	145	225	+54%	0.0%	172
Ireland	1 440	3 270	+127%	0.3%	707
Greece	7 585	11 370	+50%	0.9%	1 047
Spain	5 460	14 600	+167%	1.2%	314
France	58 845	70 570	+20%	5.6%	1 063
Croatia	380	140	-63%	0.0%	34
Italy	63 655	83 245	+31%	6.6%	1 369
Cyprus	1 480	2 105	+42%	0.2%	2 486
Latvia	365	330	-10%	0.0%	165
Lithuania	385	275	-29%	0.0%	93
Luxembourg	1 030	2 360	+129%	0.2%	4 194
Hungary	41 215	174 435	+323%	13.9%	17 699
Malta	1 275	1 695	+33%	0.1%	3 948
Netherlands	21 780	43 035	+98%	3.4%	2 546
Austria	25 675	85 505	+233%	6.8%	9 970
Poland	5 610	10 255	+83%	0.8%	270
Portugal	440	830	+89%	0.1%	80
Romania	1 500	1 225	-18%	0.1%	62
Slovenia	355	260	-27%	0.0%	126
Slovakia	230	270	+18%	0.0%	50
Finland	3 490	32 150	+822%	2.6%	5 876
Sweden	74 980	156 110	+108%	12.4%	16 016
United Kingdom	32 120	38 370	+19%	3.1%	591
Norway	10 910	30 470	+179%	-	5 898
Switzerland	21 940	38 060	+73%	-	4 620

Number of first time applicants is rounded to the nearest 5. Calculations are based on exact data.

* Inhabitants refer to the resident population at 1 January 2015.

- Not applicable

The source dataset can be found [here](#).

On the other hand, the UK, Spain, and France have received comparatively few asylum applications on a population basis

REFUGEE/MIGRANT CRISIS

- Has led to temporary introduction of border controls in several Schengen Area countries, including Sweden, Denmark, Germany, Austria, France, Poland, and Norway
- An estimated 1.7 million Europeans cross national borders daily for work



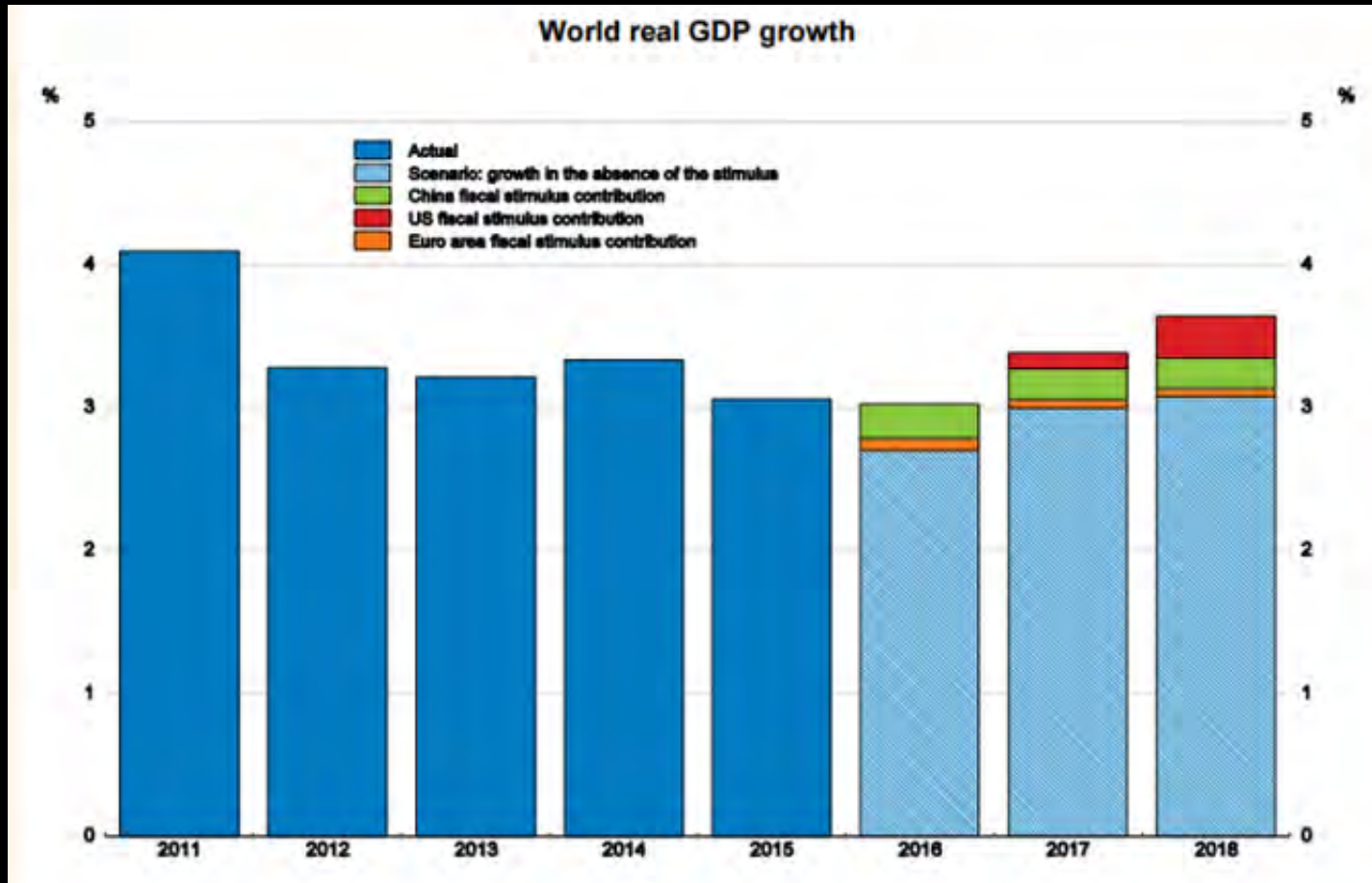
REFUGEE/MIGRANT CRISIS

- Germany case study
 - In mid-2016, the 16 German states demanded an additional 8 billion euros from the federal government to alleviate the cost burden for refugee integration
 - The federal government expects to spend 20 billion euros a year to support refugees between 2016 and 2020
 - An additional 325,000 children have been enrolled in the public school system, which will require hiring 25,000 new teachers and support staff
 - 20% of refugee children suffer from post-traumatic stress disorder (PTSD) and 50% have experienced trauma
 - The labor participation rate for refugees is low but increasing as they learn German and receive further education or vocational training
 - In short, the influx of asylum seekers has placed a tremendous strain on Germany's finances, education system, and labor market.

2017 FORECASTS

- According to Focus Economics, the Eurozone economy is expected to grow 1.4% in 2017, down from 1.6% in 2016, as a result of “a reduction in tailwinds to domestic demand as inflation rises . . . combined with the political[ly] uncertain atmosphere.”
- Country-specific forecasts:
 - Germany: 1.4%
 - France: 1.2%
 - Italy: 0.8%
 - Spain: 2.2%
- Inflation is projected to rise from 0.2% in 2016 to 1.3% in 2017, which is closer to the European Central Bank's goal of 2.0%

2017 FORECASTS



- According to the Organisation for Economic Co-operation and Development (OECD), President-elect Trump's lower tax and higher spending policies will raise US economic growth by an additional 0.4% and push global GDP growth closer to 4% in 2017